

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Increase Consumer Protection for Time-share Owners

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 33 MRSA §592, sub-§1, ¶B, as amended by PL 1997, c. 83, §2, is further amended to read:

B. The following pages ~~shall~~must contain, in the following order:

(1) A general description of the time-share property and the time-share units, including, without limitation, the number and types of units in the time-share property and in any project of which it is a part and the schedule of commencement and completion of construction of all buildings, units, amenities and improvements;

(2) The maximum number of units that may become part of the time-share property, a statement of the maximum number of time shares that may be created or that there is no maximum, and the proportion of units the developer intends to rent or market in blocks of units to investors;

(3) Copies and a brief narrative description of the significant features of the project instrument and time-share instrument and any documents referred to therein, other than the survey and floor plans; the bylaws; rules; copies of any contracts and leases to be signed by purchasers at closing; and a brief narrative description of any contracts or leases, the term of which will or may extend beyond the period of developer control of the association;

(4) Any current balance sheet and a projected budget for the association, if there is an association, for one year after the date of the first transfer to a purchaser, and thereafter the current budget, a statement of who prepared the budget and a statement of the budgetary assumptions concerning occupancy and inflation factors. The budget ~~shall~~must include, without limitation:

(a) A statement of the amount, or a statement that there is no amount, included in the budget as a reserve for repairs and replacement;

(b) A statement of any other reserves;

(c) The projected common expense assessment by category of expenditures for the association; and

- (d) The projected monthly common expense assessment for each type of unit;
- (5) Any services not reflected in the budget that the developer provides, or expenses that ~~he~~the developer pays, and that ~~he~~the developer expects may become at any subsequent time a common expense of the association and the projected common expense assessment attributable to each of those services or expenses for the association and for each type of unit and each time-share estate;
- (6) Any initial or special fee due from the purchaser at or before closing, together with a description of the purpose of the fee and method of its calculation;
- (7) A description and a statement of the effect on the time-share owners of any liens, defects or encumbrances on or affecting the title to the project and each time-share unit;
- (8) A description of any financing offered by the developer;
- (9) The terms and significant limitations of any warranties provided by the developer, including statutory warranties and limitations on the enforcement thereof or on damages;
- (10) A statement that:
 - (a) Within 10 calendar days after receipt of the current written statement or execution of a contract, whichever is later, a purchaser may cancel any conveyance or contract for purchase of a unit from the developer; and
 - (b) If the purchaser elects to cancel, the purchaser may do so by hand delivering a notice of cancellation or by mailing the notice by prepaid United States mail to the developer. The cancellation must be without penalty and any deposit made by the purchaser must be promptly refunded in its entirety;
- (10-A) A statement that, following the expiration of the cancellation period set out in subparagraph (10), the purchaser may sell the unit back to the developer for the fair market value of the unit;
- (11) A statement of any unsatisfied judgments against the association, developer or managing entity, the status of any pending suits to which the association, developer or managing entity is a party and the status of any pending suits material to the property of which the developer has actual knowledge;

- (12) A statement that any deposit made in connection with the purchase of a unit will be returned to the purchaser if the purchaser cancels the contract within 10 calendar days after receipt of the written statement or contract;
- (13) Any restraints on transfer of time shares or portions thereof;
- (14) A description of the insurance coverage provided for the benefit of the time-share owners;
- (15) Any current or expected fees or charges to be paid by time-share owners for the use of the common elements and other facilities related to the project;
- (16) All unusual and material circumstances, features and characteristics of the project and the units;
- (17) The projected common expense assessment for each time share and whether those assessments may vary seasonally;
- (18) The extent to which the time-share owners of a unit are jointly and severally liable for the payment of real estate taxes and all assessments and other charges levied against that unit; and
- (19) The extent to which a time-share unit may become subject to a tax or other lien arising out of claims against other time-share owners of the same time-share unit.

Sec. 2. 33 MRSA §592, sub-§8 is enacted to read:

8. Prohibition on developer serving as manager. Neither the developer of the project nor a business entity owned either wholly or in part by the developer of the project may serve as the manager of a project.

Sec. 3. 33 MRSA §594, sub-§1-A is enacted to read:

1-A. Maximum lien amount. The total amount of all liens for unpaid assessments created under subsection 1 that are not extinguished may not exceed the fair market value of the time-share estate or time-share license.

Sec. 4. 33 MRSA §595, sub-§5 is enacted to read:

5. Limitation on deficiency claim. Notwithstanding Title 14, section 6324, a deficiency claim arising out of a judicial foreclosure of a lien from an assessment created under section 594 is limited to the difference between the fair market value of the time share at the time of the foreclosure sale, as established by an independent appraisal, and the proceeds of the sale.

SUMMARY

This bill amends the law governing time shares in the following ways.

1. It grants a person who purchases a time share from a developer the right to sell the time share back to the developer at fair market value after expiration of the sale cancellation period.
2. It prohibits the developer or an entity wholly or partially owned by the developer from serving as the manager of the time-share project.
3. It limits the liability of a time-share owner for assessments levied against the time-share unit for maintenance, taxes or fines to the fair market value of the time share.